

Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 INR-07

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 7507

INFO AMEMBASSY MOSCOW

USMISSION USBERLIN

C O N F I D E N T I A L BONN 06740

DEPARTMENT PASS TO COMMERCE BEWT

E.O. 11652: GDS

TAGS: BEXP, EEWT, GW, UR, WB

SUBJECT: SALZGITTER AND BERLIN CONSULT REACH AGREEMENT
ON CONSTRUCTION OF MOSCOW AIR TERMINAL

REF: USBERLIN 388

1. SALZGITTER PRESS SPOKESMAN CONFIRMED TO EMBOFF
APRIL 19 THAT SALZGITTER AND BERLIN CONSULT HAVE REACHED
AGREEMENT ON JOINT CONSTRUCTION OF MOSCOW'S AIR
TERMINAL. A CONSORTIUM HAS BEEN FORMED WITH SALZGITTER
AS THE HEAD. THE PRESS SPOKESMAN POINTED OUT THAT THE
TWO FIRMS HAVE NOT YET SIGNED A CONTRACT WITH THE
SOVIETS, SO THE POSSIBILITY REMAINS THAT THE SOVIETS
COULD OBJECT TO THE AGREEMENT WHICH SALZGITTER AND
BERLIN CONSULT HAVE WORKED OUT.

2. DIE WELT ON APRIL 14 HAD REPORTED THAT SALZGITTER'S
SUBSIDIARY RUETER HAD OUTMANEUVERED BERLIN CONSULT BY
OFFERING MORE FAVORABLE FINANCIAL CONDITIONS AND A LOWER
ASKING PRICE. DIE WELT HAD ALSO REPORTED THAT
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SALZGITTER HAD SIGNED A PRE-CONTRACT WITH THE SOVIETS
FOLLOWING EXPIRATION OF BERLIN CONSULT'S PRE-CONTRACT
ON JANUARY 31.

3. STATE MINISTER WISCHNEWSKI RAISED THIS TOPIC IN A
DISCUSSION WITH THE AMBASSADOR APRIL 12, LAMENTING THE FACT THAT
SALZGITTER'S ATTEMPT TO OUTMANEUVER BERLIN CONSULT ONLY

UNDERMINED THE EFFORTS OF THE FEDERAL GOVERNMENT TO STRENGTHEN BERLIN'S ECONOMIC VIABILITY. SALZGITTER'S STATUS AS A GOVERNMENT-OWNED FIRM MADE THE SITUATION EVEN WORSE.

4. COMMENT: ALTHOUGH THE FEDERAL GOVERNMENT WAS NOT IN A POSITION TO INTERVENE SHOULD SALZGITTER HAVE WON THE CONTRACT, WE SUSPECT THAT THE LOUD UNOFFICIAL GRUMBLINGS IN GOVERNMENT CIRCLES LED TO SALZGITTER'S DECISION TO ENTER INTO A PARTNERSHIP WITH BERLIN CONSULT. SALZGITTER HAD, IN FACT, ATTEMPTED TO SOFTEN CRITICISM BY SUGGESTING THAT IT WOULD SUBCONTRACT PORTIONS OF ITS CONTRACT TO ITS SUBSIDIARY IN BERLIN. THE DECISION TO FORM A CONSORTIUM SHOULD MOLLIFY MOST CRITICISM ALTHOUGH IT IS NOT YET CLEAR HOW THE DM 250 MILLION PIE WILL BE DIVIDED BETWEEN THE TWO FIRMS. END COMMENT. STOESEL

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Message Attributes

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Sent Date: 19-Apr-1977 12:00:00 am
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Disposition Case Number: n/a
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